

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Before the Director of the Department of Insurance and Financial Services

**In the matter of the proposed conversion of
Retailers Mutual Insurance Company
to a mutual holding company structure**

Order No. 14-006-M

**Issued and entered
this 2nd day of April, 2014
by Annette E. Flood
Director**

ORDER FOR NOTICE AND PUBLIC HEARING

I

BACKGROUND

On February 5, 2014, Retailers Mutual Insurance Company (Retailers Mutual) filed a Plan of Reorganization (Plan) with the Director of the Department of Insurance and Financial Services (Director). The filing was made pursuant to Chapter 60 of the Insurance Code of 1956, as amended (Code), MCL 500.6001 *et seq.* In connection with the Plan, and consistent with the requirements of section 6011 of the Code, MCL 500.6011, Retailers Mutual also filed the following documents:

1. Proposed Articles of Incorporation for the mutual holding company and intermediate holding company;
2. Proposed Bylaws for the mutual holding company and intermediate holding company;
3. Proposed restated Articles of Incorporation and Bylaws for Retailers Mutual;
4. Notice and policyholder information statement;
5. The form of notice to members; and
6. The proxy to be sent to eligible policyholders.

Retailers Mutual is a Michigan domiciled mutual insurance company. According to the terms of the Plan, Retailers Mutual seeks to convert from a mutual insurance company to a mutual holding company structure, which will be named Retailers Mutual Holding Company. In conjunction with this reorganization, Retailers Mutual will become a stock insurance company. The converted stock insurance company will become wholly-owned by Retailers Mutual Holding Company through an intermediate holding company.

The Retailers Mutual Board of Directors approved the Plan on January 21, 2014. In addition, the Plan will be submitted for approval at a meeting of eligible policyholders on August 19, 2014. In

advance of the meeting, Retailers Mutual will mail a copy of the Plan and policyholder information statement concerning Retailers Mutual and its proposed conversion to its policyholders of record before June 15, 2014. The Plan will not become effective unless it is approved by at least two-thirds of eligible policyholders who vote in person or by proxy at the meeting, and it receives all necessary regulatory approvals, including approval by the Director.

II ANALYSIS

Section 6011(2) of the Code, MCL 500.6011(2), provides conditions for the approval of a plan of reorganization of a mutual insurer. The Director shall approve a plan of reorganization if he or she finds all of the following:

- (a) The plan complies with Chapter 60 of the Insurance Code, and
- (b) The plan is fair and equitable to the interests of the policyholders.

The Director has authority pursuant to section 6011(2) of the Code and Rule 39 of the Director's Hearing Procedures Rules, R 500.2139 of the 1979 Michigan Administrative Code, as amended, to hold a public hearing in connection with her review of the Plan. The Director concludes that it would be appropriate to hold a hearing in this matter to give interested parties the opportunity both to receive additional information concerning the Plan and to offer public comment on the Plan. It is expected that representatives of Retailers Mutual will be present at the public hearing to make a brief presentation and to respond to questions concerning the Plan. The hearing will be conducted in accordance with the Director's Hearing Procedures Rules governing public hearings.

III FINDINGS OF FACT AND CONCLUSIONS OF LAW

Based upon the foregoing considerations and the filings in this matter, the Director FINDS and CONCLUDES that:

1. Retailers Mutual has petitioned for a conversion to a mutual holding company structure pursuant to Chapter 60 of the Code.
2. The Director has authority to approve or disapprove the conversion.
3. The conversion has important implications for Retailers Mutual policyholders.
4. In order to assure that all important information that bears upon this conversion is presented to the Director, it would be appropriate to conduct a public hearing pursuant to MCL 500.6011(2) and Rule 39 of the Director's Hearing Procedures Rules.

**IV
ORDER**

Therefore, it is ORDERED that:

1. Retailers Mutual's proposed conversion shall be the subject of a public hearing commencing at 10:00 a.m. on April 21, 2014, at the Ottawa Building, UL Conference Room 6, 611 West Ottawa Street, Lansing, Michigan 48933.
2. The Notice of Hearing set forth in Attachment A shall be published as a display advertisement in the Oakland Press, Escanaba Daily Press, and the Lansing State Journal not later than 10 days prior to the public hearing.
3. Any person wishing to submit a written statement may do so by mailing or delivering a copy to the attention of Dawn Kobus, Hearings Coordinator, kobusd@michigan.gov, Department of Insurance and Financial Services, P. O. Box 30220, Lansing, Michigan 48909-7720, so that it is received no later than April 21, 2014. Any policyholder wishing to make an oral statement at the hearing should mail or deliver a written notice of his or her intent to make an oral statement to the attention of the Director no later than April 18, 2014. The Director reserves the right to limit the length of any oral statement.

The Director specifically retains jurisdiction of the matters contained herein and the authority to issue such further order or orders as she shall deem just, necessary, and appropriate.



Annette E. Flood
Director

EXHIBIT A

**STATE OF MICHIGAN
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to a mutual holding company structure**

NOTICE OF HEARING

Retailers Mutual Insurance Company (Retailers Mutual) has filed its Plan of Reorganization (Plan) to convert from a mutual insurance company to a mutual holding company structure with the Michigan Director of the Department of Insurance and Financial Services (Director) pursuant to MCL 500.6011. A copy of the plan can be obtained by writing to the Director at P.O. Box 30220, Lansing, Michigan, 48909-7720.

The Director is required to determine whether the Plan should be approved under the statutory standards of MCL 500.6011(2). If the conversion takes place, the eligible policyholders of Retailers Mutual will continue as policyholders of the converted Retailers Mutual. The Director's review of the Plan will include consideration of at least the following:

- 1) whether the Plan complies with the provisions of Chapter 60; and
- 2) whether the conversion set forth in the Plan is fair and equitable to eligible policyholders.

A public hearing for the consideration of the proposed Plan will be held at 10:00 a.m. on April 21, 2014 at the Ottawa Building, UL Conference Room 6, 611 West Ottawa Street, Lansing, Michigan 48933.

Any interested person may present data, views, comments and arguments with respect to the proposed conversion at the hearing.

Any person wishing to submit a written statement may do so by mailing a copy of that statement to the attention of Dawn Kobus, Hearings Coordinator, kobusd@michigan.gov, Department of Insurance and Financial Services, P.O. Box 30220, Lansing, Michigan 48909-7720, so that it is received no later than April 21, 2014. Any policyholder wishing to make an oral statement at the hearing should mail or deliver a written notice of his or her interest to make an oral statement to the attention of the Director, at the above address, so that it is received no later than April 18, 2014. The Director reserves the right to limit the length of any oral statement.

The hearing site is accessible, including handicapped parking. Individuals attending the hearing are requested to refrain from using heavily scented personal care products in order to enhance accessibility for everyone. People with disabilities requiring additional accommodations, such as information in alternative formats in order to participate in the hearing, should contact Dawn Kobus, Hearings Coordinator at kobusd@michigan.gov or toll free at (877) 999-6442 or at (517) 373-0435 or Valerie Donally at (517) 335-5872, preferably 7 business days prior to the hearing.